

D R A F T  
Dated January 18, 2011



2010  
ANNUAL REPORT  
of the  
ETHICS COMMITTEE  
of the Chicago Transit Authority

Terry Peterson,  
*Chairman of the Chicago Transit Board*

Richard L. Rodriguez,  
*President of the Chicago Transit Authority*

Hon. Stephen Schiller,  
*Chairman of the CTA Ethics Committee*

## **INDEX**

### **Page**

**Introduction**

**Chair and Vice-Chair**

**Ethics Advisor and Staff**

**Meetings for 2010**

**Meetings for 2011**

**Statements of Financial Interest**

**Ethics Education Seminars**

**Routine Inquiries to Ethics Advisor**

**Complaints and Investigations**

**Appendix**

## **INTRODUCTION**

Section 4.7 (Powers and Duties), Section (i), of the Ethics Code of the Chicago Transit Authority, requires the Ethics Committee of the Chicago Transit Authority to “Prepare and publish, at least annually, reports summarizing the Ethics Committee's activities and to present such report to the Chairman and President.”

This Annual Report covers activities during calendar year 2010 – from January 1, 2010 to December 31, 2010.

## **CHAIR AND VICE –CHAIR**

Section 4.2 of the Ethics Code requires the Chairman of the Authority to designate the chair and vice-chair of the Ethics Committee.

Former Chairman Carole Brown appointed **Hon. Stephen Schiller** as chair and **Dr. Stephanie Cox-Batson, M.D.**, as vice-chair. The third member of the Ethics Committee is **Rev. Hugh Halverstadt**.

## **ETHICS ADVISOR AND STAFF**

Section 4.13 of the Ethics Code requires that the General Counsel shall appoint from within the Law Department an Ethics Advisor to provide officers and employees with advice concerning the interpretation of and compliance with the Ethics Code and state ethics laws, and to refer matters to the Ethics Committee when Committee advice is needed. The General Counsel has appointed **Stephen L. Wood** of the CTA's Law Department as the CTA's Ethics Advisor.

The Ethics Committee is supported by CTA staff, including **Gregory Longhini**, Assistant Board Secretary, and staff in the Assistant Secretary's Office, as well as attorneys and other employees in the CTA Law Department.

## **MEETINGS FOR 2010**

Section 4.4 of the Ethics Ordinance requires the committee to meet quarterly, unless otherwise determined by its members. The Ethics Committee did meet quarterly during the time period of this annual report.

Meetings occurred on March 17, May 26, June 30, and November 17, 2010.

Section 4.5 of the Ethics Ordinance requires that minutes of the committee's proceedings be kept. Copies of the minutes of the open session of the Ethics Committee are found in **Appendix I** of this annual report. Court reported transcripts of the meetings are available for inspection in the offices of the Ethics Committee.

### **MEETINGS FOR 2011**

Consistent with requirements of the Illinois Open Meetings Act, the scheduled 2010 Ethics Committee meetings have been posted in a public location on the premises of the CTA Headquarters building and have been posted on the CTA's web site, [www.transitchicago.com](http://www.transitchicago.com), in addition to being placed in the classified advertising section of the Chicago Tribune.

The scheduled meetings for the Ethics Committee are [January [ ], \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, 2011.]

### **STATEMENTS OF FINANCIAL INTEREST**

Section 3.4 of the Ethics Ordinance requires the Secretary of the CTA to certify to the committee the names and mailing addresses of CTA employees required to file the statements of financial interest. Assistant Board Secretary **Gregory Longhini** certified to the committee on February 1, 2010, the names and addresses of those individuals. A copy of the certification is included in **Appendix II**.

A total of 824 statements of financial interest were mailed by March 1, 2010. All statements were audited by the CTA's Inspector General. A redacted copy of the Inspector General's audit is included in **Appendix III** of the report.

Section 3.6 of the Ethics Ordinance requires that every officer or employee, at the time he or she is hired, certifies that he or she has read and understood the Ethics Ordinance, if he or she qualifies as a reporting individual. The authority's Office of the Secretary and the Human Resources Department, in 2007, set up a procedure to verify compliance of this provision.

### **ETHICS EDUCATION SEMINARS**

Pursuant to section 2.17 of the Code, ethics training-eligible CTA employees and officers are required to undergo training in the Ethics Code every four years or within six months of any amendment to the Code. The last company-wide ethics training occurred

in 2009 and will be repeated by the end of 2013. In addition, quarterly training is provided to all newly-hired employees, or to newly-promoted employees, who are in ethics-training-eligible job positions. All sessions were held at CTA Headquarters, and took approximately 60 minutes each. A copy of the training session outline is included in **Appendix IV** of this Report. Training sessions covered the principal requirements of the code (conflicts of interest, gift ban, prohibited political activity, statements of financial interest), and highlighted the areas where the Code recently had been amended (conflict of interest, and nepotism).

Quarterly trainings for CTA officers and employees who were hired or promoted in 2010 were provided on the following dates:

|                                 |                    |
|---------------------------------|--------------------|
| First Quarter hires/promotions  | May 19, 2010;      |
| Second Quarter hires/promotions | July 14, 2010;     |
| Third Quarter hires/promotions  | December 22, 2010; |
| Fourth Quarter hires/promotions | TBD in early 2011. |

### **ROUTINE QUESTIONS TO ETHICS ADVISOR**

Section 3.5 of the Rules and Regulations of the Ethics Committee provides that the Ethics Advisor is permitted to answer “routine questions” from CTA employees or others regarding the applicability of the Ethics Code to various situations. All such responses are provided to the General Counsel, or his designee, for review prior to being issued. The Ethics Advisor maintains a log of such routine questions, and the members of the Ethics Committee are provided with copies of the logs prior to the next regularly scheduled quarterly Ethics Committee meeting. During the reporting period, approximately 25 such questions have been received and answered. **Appendix V** contains a sample of the frequently asked questions (FAQs) received by the Ethics Advisor during the reporting period.

### **COMPLAINTS AND INVESTIGATIONS**

The committee concluded its work on four complaints during the reporting period. Descriptions of the complaints are provided in the committee’s 2009 Annual Report. The final Reports and Recommendations were presented to the Transit Board in closed session on June 2, 2010, and approved. Copies of the Reports and Recommendations were provided to the subjects of the investigations. Redacted copies of the Reports and Recommendations are contained in **Appendix VI**.

No new complaints were received, and no new investigations were opened, by the Committee in 2010.

## **FOR MORE INFORMATION**

Ethics Committee staff are available to answer questions about the Committee and its work. The Ethics Committee receives mail at the Office of the Secretary, 567 W. Lake Street, Chicago, IL 60661.

To file a complaint or request for advisory opinion, or to obtain copies of public documents or meeting minutes, please contact **Gregory Longhini** in the Secretary's Office, at [glonghini@transitchicago.com](mailto:glonghini@transitchicago.com) or at (312) 681-5022.

To obtain guidance about a routine question under the Ethics Code, please contact **Stephen L. Wood** in the CTA Law Department, at [swood@transitchicago.com](mailto:swood@transitchicago.com) or at (312) 681-2924.

## **APPENDICES TO 2010 ANNUAL REPORT**

**Page**

**Appendix I – Meeting Minutes of 2010 Ethics Committee Meetings**

**Appendix II – Certified List of CTA Employees Required to File 2010  
Statement of Financial Interest**

**Appendix III – Inspector General’s Audit of 2009 Statement of Financial  
Interest Filings**

**Appendix IV – 2010 Presentation for Ethics Training**

**Appendix V – FAQs (Frequently Asked Questions)**

## **FAQs — Frequently Asked Questions.**

Compiled below are examples of questions received, and advice given, by the Ethics Advisor during 2010. The examples included here are for educational purposes only – they are not intended to constitute legal advice and may not be relied upon by anyone other than the specific persons who were involved.

If you have a question about the applicability of the Ethics Code, please contact the Ethics Advisor, **Stephen L. Wood**, in the CTA’s Law Department, at (312) 681-2924 or via email at [swood@transitchicago.com](mailto:swood@transitchicago.com).

### **Political Activity**

**The CTA Ethics Code prohibits CTA employees from performing prohibited political activity during compensated time or from requiring any other CTA employee to do so. The Code does not prohibit political activities of CTA employees on non-compensated time. The Code incorporates the federal Hatch Act, which has the effect of prohibiting CTA employees from being candidates for public office in partisan elections. See section 2.15 of the Code.**

**Question 1:** Does the Ethics Code prohibit a Transit Board member from making political calls from CTA premises or using his CTA telephone?

**Advice:** Yes. CTA officers are prohibited from engaging in political activity while on compensated time. The term “prohibited political activity” includes soliciting contributions and votes, among other things. The term “compensated time” is defined for Board Members as “any period of time when the officer is on premises under the control of the employer and any other time when the officer . . . is executing his or her official duties, regardless of location.” So long as Board Member is not engaged in political activities while on CTA premises or while executing his official duties, there is no violation of section 2.15.

**Question 2:** Does the Ethics Code prohibit a CTA employee from making a financial contribution to a political action committee?

**Advice:** No. Section 2.15 of the Code permits CTA employees to make political contributions with their own resources on their own time to any political organization or candidate they choose.

**Question 3:** Does the Ethics Code prohibit a CTA employee, who was appointed to serve as a village trustee, from running for election to retain that same position?



**Advice:** No. Under section 2.15(g), CTA employees are prohibited from running only in partisan political elections, and this local village election is non-partisan.

**Question 4:** Does the Ethics Code prohibit a CTA employee from taking a 90-day leave of absence to work on a political campaign?

**Advice:** No. Section 2.15 prohibits a CTA employee only from engaging in prohibited political activities on compensated time, but a CTA employee who is on an unpaid leave of absence would not be restricted from engaging in any of those activities during the leave.

**Question 5:** Does the Ethics Code prohibit a CTA employee from volunteering in a non-compensated capacity on an advisory panel on procurement issues for a candidate for county elective office?

**Advice:** No. The Ethics Code does not prohibit a CTA employee from serving on this advisory panel. The employee's involvement, however, would constitute "political activity" that cannot occur on "compensated time" and cannot occur through use of CTA property or resources (e.g., telephone, fax, email, etc.). Secs. 2.6; 2.15(a). Also, a CTA employee with contract management authority is prohibited under section 2.15(h) from serving on any political fundraising committee. To the extent that the advisory panel might become involved in fundraising, the employee would need to recuse himself from such activities.

### **Gift Ban**

**Under the Gift Ban of the Ethics Code, CTA employees are prohibited from accepting any gift from a prohibited source. A "gift" is defined as anything of value, including free or discounted tickets, meals, or any other tangible or intangible item. A prohibited source includes someone who does, or seeks to do, business with the CTA, and therefore covers all existing or proposed vendors. See section 2.4 of the Code.**

**Question 1:** Does the Ethics Code prohibit a CTA employee from accepting a book about antique French trains from a French Trade Office delegation visiting the CTA for an informational interview?

**Advice:** No. Section 2.4 of the Ethics Code prohibits gifts from prohibited sources, and the French Trade Office is not a prohibited source because it

does not do or seek to do business with the CTA. In addition, the value of the gift is less than \$100, and therefore falls within the exception for gifts valued at \$100 or less from one source in a 12-month period (section 2.4(b)(12)).

**Question 2:** Does the Ethics Code prohibit the CTA Chairman and President from accepting an invitation to speak about hybrid bus technology at a conference sponsored by a hybrid bus technology company that does business with the CTA?

**Advice:** No. While section 2.4 of the Code prohibits CTA employees from accepting gifts from prohibited sources (such as vendors who do business with the CTA), the terms of the invitation from this vendor do not include offers of honoraria, travel reimbursement, free meals, or anything else of monetary value. The recipients of the invitation were cautioned, however, that section 2.1 of the Code (appearance of impropriety) might be implicated if facts arose suggesting that the vendor made the offer in order to curry favor with the CTA due to some pending or anticipated business issue.

**Question 3:** Does the Ethics Code prohibit the CTA from contacting businesses to seek the donation of items which the CTA would then auction to CTA employees, with the auction proceeds donated to a CTA-supported charity?

**Advice:** No. Even if the company does business with the CTA or is otherwise considered a prohibited source, the gift ban would only apply if the value of the gift were retained by the CTA employee. Here, the value is not being retained by any single CTA employee, but is being donated to a charity that the CTA supports. In addition, even if the donation were considered a prohibited gift, section 2.4(b)(12) of the Code allows a prohibited source to provide a gift valued at less than \$100 in any 12 month period, and the gifts in question are below that value.

**Question 4:** Does the Ethics Code prohibit a CTA employee from accepting an invitation from a vendor to attend a luncheon honoring a nationally-known business leader?

**Advice:** No. So long as the value of the food and refreshments provided at the luncheon is less than \$50 per person, the invitation falls within the exception under section 2.4(b)(8) of the Code.

**Question 5:** Does the Ethics Code prohibit a CTA employee from asking a sporting goods company to donate T-shirts for CTA employees to wear at a charity running race?

**Advice:** No. The sporting company does not do business with the CTA, and thus is not a prohibited source under section 2.4 of the Code. Even if it were, the value of the T-shirts would be less than \$100 to each individual CTA employee, and thus would fall under the exception listed in section 2.4(b)(12) of the Code.

**Question 6:** Does state law require a Transit Board member, who has been appointed to the Board by the Governor, to report the value of a gift (*e.g.*, a luncheon) received from a registered State lobbyist?

**Advice:** No. The Lobbyist Registration Act (25 ILCS 170) requires lobbyists to report expenditures related to lobbying of State officials, but gubernatorial appointees to units of local government (such as the CTA) are not included under the definition of “State officials” under that law. In addition, gubernatorial appointees to the Transit Board are not considered State employees or State officials for purposes of other State ethics laws, like the Illinois Governmental Ethics Act (5 ILCS 420) or the State Officials and Employees Ethics Act (5 ILCS 430).

**Question 7:** Does the Ethics Code prohibit a CTA employee from accepting a free invitation to a golf outing from a CTA vendor?

**Advice:** Probably. Unless the fair market value of the golf outing is less than \$100, it would not fall within section 2.4(b)(12) – the exception that allows gifts up to \$100 in value from one prohibited source during one calendar year.

**Question 8:** Does the Ethics Code prohibit a CTA employee from accepting an invitation to travel to Israel to attend an educational seminar sponsored by AIEF, a non-profit charitable organization?

**Advice:** No. Section 2.4 of the Code prohibits CTA employees from accepting gifts from “prohibited sources,” but it does not appear that AIEF is a prohibited source. Even if AIEF were a prohibited source, section 2.4(b)(4) of the Code specifically excludes “[e]ducational materials and missions,” which would cover this proposed trip.

**Question 9:** Does the Ethics Code prohibit the CTA from offering all CTA employees a discount to join a health club chain?

**Advice:** No. Here, the health club chain does not do business with the CTA, and therefore is not a prohibited source under section 2.4 of the Code. Even if it were, the value of the promotion is less than \$100 per person, and thus would fall under the exception of section 2.4(b)(12) of the Code.

**Question 10:** Does the Ethics Code prohibit a gift of free food to Transit Board members from a vendor that leases space in the CTA's headquarters building as part of its grand opening promotion?

**Advice:** No. Section 2.4(a) of the Code prohibits a CTA officer from accepting anything of value for free from any "prohibited source." And while the vendor is a prohibited source (because it "does business" with the CTA by having a lease valued at more than \$10,000 over a 12 month period), there is an exception under section 2.4(b) that applies. Under subsection 2.4(b)(8), gifts of "food and refreshments" may be accepted if the food and refreshments do not exceed "\$50.00 per person . . . on a single calendar day," and the food and refreshments are "catered." Based on the facts provided, it appears that the proposed gift of food and refreshments meets the criteria in subsection 2.4(b)(8) above. If so, any such gift would fall within the exception of 2.4(b)(8), and there would be no violation of the Ethics Code.

**Question 11:** Does the Ethics Code prohibit a CTA employee from accepting an anonymous gift from a vendor valued at \$75 (a ticket to a trade show)?

**Advice:** Yes. Although section 2.4(b)(12) allows a CTA employee to accept one or more items from a single prohibited source valued at a total of \$100 or less over a 12-month period, the employee will not know whether he or she has exceeded the dollar amount if the vendor who provides the free ticket remains anonymous. It is possible that the vendor already has provided gifts in excess of \$25 in the prior 12 months and is seeking to remain anonymous to evade the \$100 rule.

**Question 11:** Does the Ethics Code prohibit a technology company that does business with the CTA from providing a CTA employee with "free" use of its new smartphone "for government evaluation purposes"?

**Advice:** Yes. Although this gift may not violate the strict terms of the gift ban, accepting it would constitute an appearance of impropriety. Under section 2.4, no prohibited source may provide anything of value to a CTA employee. The purpose of the rule is to prevent favoritism and unfair competitive advantages in procurements. The technology company in question is a prohibited source because, among other things, it does business with the CTA. Sec. 1.1(II). It therefore may not provide a CTA employee with the free use of a mobile phone, the value of which exceeds \$100. Although the company's release form states that it is providing the phone "for government evaluation purposes only, not the personal use or benefit of any government employee," and that it is being offered

“without seeking promises or favoritism for [the company] in any bidding arrangements,” it seems clear that the purpose of the gift is to inspire CTA employees to develop mobile applications using the company’s platform and to potentially cast a favorable light on the company’s product within the CTA when the CTA issues an RFP for such products. There would be an appearance of impropriety in accepting the free use of the vendor’s smartphone.

### **Financial Disclosure Form**

**Certain CTA employees and officers are required to file an annual Statement of Financial Interest with the Secretary of the Transit Board. It is the CTA’s policy that all employees at Band Level G or above (Level F or above in Purchasing) be required to file financial the Statement of Financial Interest. See section 3.1 to 3.6 of the Code.**

**Question 1:** What information does the CTA’s Statement of Financial Interest (SFI) require the employee to disclose in response to the question seeking disclosures about capital gains in excess of \$5000?

**Advice:** The employee should identify the asset type and the company name on the SFI; a sufficient disclosure would read as follows: “Shares of common stock in ABC Corporation” or “Shares of preferred stock in XYZ Incorporated.” The SFI does not require disclosure of the number of shares sold, or the total amount of capital gains the employee incurred.

**Question 2:** Does the Ethics Code require a newly-hired CTA employee to disclose under the “non-CTA income” section of the Statement of Financial Interest that income was received from her former employer in the relevant calendar year?

**Advice:** Yes. Newly-hired CTA employees should include all sources of income for the relevant calendar year, even if that income came from another employer before the employee was hired by the CTA.

**Question 3:** Does a reorganization that brings new groups under the CTA’s Purchasing Department required those new employees to file statements of financial interest and comply with ethics training?

**Advice:** Yes. Now that the new employees are considered to be members of the Purchasing Department (and therefore included in the category of training-eligible employees), all employees must file statements of economic interest and those who have not yet received ethics training are required to comply with the

training requirement.

### **Post-employment Restrictions**

**CTA employees are prohibited for a period of one year from assisting or representing a new employer in any matter involving the CTA if the employee participated personally and substantially in the same subject matter, work or function. If the employee exercised contract management authority with respect to a contract, the bar is for the life of the contract rather than merely one year. See section 2.11 of the Code.**

**Question 1:** Does the Ethics Code prohibit the CTA from re-hiring a retired CTA employee as a consultant during the one-year freeze period? Can the CTA do so through the retired employee's new employer?

**Advice:** The Ethics Code does not prohibit the CTA from re-hiring a retired CTA employee within one year so long as the employee is hired directly and answers solely to the CTA. The retired employee's new employer (a consulting company) may not be retained to provide the former employee's services, however, because to do so would violate the one-year revolving door prohibition under section 2.11. In addition, if the retired employee is drawing a CTA pension, he should contact the pension office to learn of any re-employment consequences for his pension.

**Question 2:** Does a former CTA employee become "re-employed" with the CTA (and thus forced to "re-start" his one-year revolving door freeze period under section 2.11) if he testifies as a fact witness pursuant to CTA subpoena in a case in which he was involved while working at the CTA?

**Advice:** No. The former employee's subpoenaed testimony as a fact witness does not constitute "employment" by the CTA that would cause the employee's one-year freeze period to re-start. If the CTA retained him as an expert witness or a litigation consultant, however, then he would be considered an employee for purposes of the Code, and his one-year freeze period would begin upon the termination of that consulting agreement.

**Question 3:** Does the Ethics Code prohibit a former CTA in-house attorney from representing a party in litigation against the CTA during the one-year freeze period?

**Advice:** Yes. Under section 2.11(a), for a period of one year "no former officer or employee shall assist or represent any person other than the CTA in any

judicial or administrative proceeding involving the CTA.” In addition, if the former attorney was counsel of record, or participated personally and substantially, in the case, the former attorney is barred from involvement for the duration of the case.

**Question 4:** Does section 2.11 prohibit former CTA employees during the one-year freeze period from being retained as expert witnesses by a law firm who is representing a plaintiff in a legal malpractice action where her original attorney allegedly failed to properly prosecute an underlying wrongful death action against the CTA resulting in her action against the CTA being dismissed prior to trial?

**Advice:** Yes. Under section 2.11(b), no former CTA officer or employee may, for a period of one year, “assist or represent any person in any matter involving the CTA if the officer or employee participated personally and substantially in the same subject matter, work or function during his term of office or employment.” Here, the malpractice action “involves the CTA,” even though the CTA is not a named party in the action, because the case turns on the CTA's underlying liability or lack of liability vis-a-vis the decedent who died on CTA property.

**Question 5:** Does the Ethics Code prohibit a former technology vice president from assisting a new employer in a planned response to the CTA's “open fare media” RFP, and (if the new employer is chosen for the project) in assisting it in implementing the open fare media work for the CTA?

**Advice:** No. Section 2.11 of the Ethics Code prohibits a former employee's involvement with a new employer only for a one-year period, and that period expired for the former employee in question in February 2009. In addition, although the former employee was generally involved in all technology issues at the CTA, the CTA did not issue the RFP for “open fare media” until after the former employee left the CTA, and therefore he did not have “contract management authority” over any such contract while at the CTA.

**Question 6:** Does the Ethics Code prohibit the CTA from directly retaining a former CTA employee who is still within the one-year freeze period as an expert witness on behalf of the CTA in on-going litigation?

**Advice:** No. The CTA can retain as an expert witness a former employee who left the CTA's employ less than one year ago, but once the new retention is complete, the one-year freeze period under section 2.11(b) of the Code would begin anew.

**Question 7:** Does the Ethics Code prohibit a former employee from being involved in responding to an RFP if it is clear such involvement occurred prior the employee's one-year departure anniversary?

**Advice:** Yes. Section 2.11 of the Ethics Code provides that former CTA employees are prohibited for a one-year period from assisting or representing any third party in a matter involving the CTA if the employee participated personally and substantially in the same subject matter, work or function during the employee's tenure at the CTA. It appears that the employee in question worked at the CTA in the same subject matter, work or function encompassed by the RFP, and thus was not permitted to assist or represent the new employer in such work with respect to the CTA prior to the one-year anniversary.

**Question 8:** Does the Ethics Code prohibit a former employee who left the CTA 10 years ago (but who later worked for the CTA as an independent contractor designing a feature of an RFP) from participating in that RFP for a new employer?

**Advice:** No. The former employee left the CTA 10 years ago, and thus the one-year prohibition under section 2.11 does not apply. The former employee's work as an independent contractor does not renew the one-year prohibition because section 2.11 applies solely to "employees," and section 1.1(r) excludes independent contractors from that definition. Finally, the work that the former employee performed as an independent contractor for the CTA was publicly disclosed as part of the RFP, and he does not possess confidential or proprietary information that would give him an unfair advantage over potential competitors for the RFP.

**Question 9:** Does the Ethics Code prohibit a former employee from working within the one-year freeze period for a new employer that is a CTA vendor if the former employee works solely on projects the new employer has with other government agencies?

**Advice:** No. Section 2.11 of the Code prohibits a former CTA employee for one year from "assist[ing] or represent[ing] any person in any matter involving the CTA if the . . . employee participated personally and substantially in the same subject matter, work or function during his term of . . . employment." A former employee is permitted to accept employment with a new employer that does business with the CTA, but the former employee must not "assist or represent" that new employer on any of its CTA matters for a period of one year if he or she worked in the same subject matter, work or function at the CTA. The former employee should be careful not to "provide input" or otherwise provide informal "assistance" on the new employer's CTA matters during that one-year period because to do so would put the new employer's contracts with the CTA at risk.



**Question 10:** Does the Ethics Code prohibits a former employee from working for a new employer that is involved in bidding on an RFP?

**Advice:** No. Section 2.11 of the Code prohibits a former CTA employee for one year from assisting or representing a new employer in a matter involving the CTA if the employee participated personally and substantially in the same subject matter, work, or function while employed at the CTA. Here, the employee left the CTA in May 2009, so his one-year freeze period had expired by the time the RFP was issued in September 2010.

**Question 10:** Does the Ethics Code prohibit a former employee from working for a new employer during the one-year freeze period if that employee was laid off as opposed to choosing to leave the CTA voluntarily?

**Advice:** Yes. Section 2.11 does not distinguish between an employee who is laid off versus one who voluntarily leaves. Section 2.11 applies to all employees regardless of the means by which they become former employees, and it prohibits all former employees from working for a new employer for a one-year period on any CTA projects if the former employee worked in the same subject matter, work, or function while employed at the CTA.

### **Conflict of Interest**

**Generally, a CTA employee is prohibited from making or participating in the making of any CTA decision with respect to any matter in which the CTA employee has an economic interest distinguishable from the general public. In addition, no CTA employee with a title of “manager” or above, and no relative of such an employee, is permitted to have an interest in an entity that does or seeks to do business with the CTA if that interest permits the employee or relative to affect or influence the past, present or future financial condition of the entity. With respect to CTA contracts, no employee is permitted to participate directly or indirectly in the selection, award or administration of a CTA contract if a real or apparent conflict of interest exists; a conflict of interest is presumed to exist for purposes of that rule if the employee, the employee’s relative, or close associates or future employers of them, have a financial interest in the entity selected for the award. Finally, CTA employees are not permitted to hold a financial interest in any CTA contract, work or business of the CTA.**

**Question 1:** Does the Ethics Code prohibit the CTA’s President from serving as Chairman of the March for Babies on behalf of the March of Dimes?

**Advice:** No. So long as CTA employees do not solicit current CTA vendors for donations to the employee's designated charity (which would create an appearance of impropriety under section 2.1 of the Code), there is no prohibition on volunteering for the charity.

**Question 2:** Does the Ethics Code prohibit a CTA employee from recommending or hiring as a consultant a firm in which the CTA employee has an economic or financial interest?

**Advice:** Yes. Under section 2.8(a) of the Code, no CTA employee may participate in any CTA decision in which he or she has an economic interest. In addition, section 2.8(b) of the Code prohibits any CTA employee who has the title of Manager or above from having a controlling interest in an entity that does business with the CTA. Finally, section 2.12(a) of the Code prohibits a CTA employee from having a financial interest in any contract with the CTA where such contract is authorized by the Transit Board.

**Question 3:** Does the Ethics Code prohibit a laid-off CTA employee from being retained as an expert witness by an opposing party in litigation involving a contract over which the former CTA employee has contract management authority while he was employed at the CTA?

**Advice:** Yes. Under section 2.11(b) of the Code, a former CTA employee is prohibited from representing or assisting a new employer against the CTA on a contract over which the former employee had contract management authority for the life of the contract.

**Question 4:** Does the Ethics Code prohibit a Transit Board member from serving on a host committee for a fundraiser that would benefit a second Board member's non-profit employer?

**Advice:** No. The non-profit employer does not do business with the CTA, nor does it have interests that could be affected by any official action of the CTA. Moreover, the employer is not providing anything of value to the fellow Board members; indeed, the Board members are providing something of value (their mailing lists, their time, their financial contributions) to the non-profit. Board members are cautioned, however, not to solicit contributions to the fundraiser from any persons who are connected to entities that do business, or seek to do business, with the CTA, or have interests that could be affected by official CTA action.

**Question 5:** Does the Ethics Code prohibit a CTA senior executive from accepting a paid board membership with an entity that does not do business with the CTA?

**Advice:** No. Generally speaking, there are no Ethics Code provisions that prohibit such secondary employment. So long as written permission for such employment is obtained from the proper CTA authority, the CTA employee may accept compensation for such service. State law, however, prohibits any CTA employee from accepting more than \$15,000 in annual compensation from a secondary employer that is a government entity. In addition, the CTA employee must be mindful of potential conflicts of interest that may arise in the course of his or her secondary employment if issues come before the secondary board that involve or impact the employee's obligations and duties to the CTA.

**Question 6:** Does the Ethics Code prohibit a Transit Board member from participating in a non-profit campaign that promotes increased use of public transit (among other things) by means of advertising on the public transit system.

**Advice:** No. Arguably, the CTA may "do business" with the non-profit by means of a co-promotion agreement that provides unused advertising space on the CTA's system. Even if the non-profit is a prohibited source, however, there is no violation here so long as the Transit Board member does not personally receive any financial or economic benefit from his or her involvement in the campaign.

**Question 7:** Does the Ethics Code prohibit a CTA employee from serving on the selection board of a public building commission that is seeking to pre-qualify a group of bond underwriters for future (as yet unidentified) construction projects?

**Advice:** No. The employee's participation on the building commission's selection committee is unpaid, does not involve CTA projects, and presents no apparent conflicts of interest.

### **Nepotism**

**CTA employees may not employ, advocate for employment, or supervise any relative in any department in which the CTA employee serves or over which the CTA employee exercises authority, supervision, or control. An exception exists for employees who have a relative under their chain of command as a result of the relative exercising "pick" rights under an applicable collective bargaining agreement. Under such circumstances, the relative must report the existence of the relationship and refrain from having involvement in the review or approval of the relative's terms and conditions of employment.**

**Question 1:** Does the Ethics Code prohibit a CTA employee from supervising a second cousin within the employee's chain of command?

**Advice:** No. The definition of "relative" does not include a second cousin. Sec. 1.1(mm). Therefore, section 2.14(a), which prohibits an employee from supervising a relative, is not violated under these facts.

**Question 2:** Does the Ethics Code prohibit a CTA employee from having a relative within his chain of command if that relative is a union member and became employed in the chain of command as a result of exercising "pick" rights?

**Advice:** No. Under section 2.14(b), there is no violation of the nepotism provision of the Ethics Code if the relative exercises his pick rights under a collective bargaining agreement and thereby becomes employed in a department in which a related CTA employee "serves or over which he . . . exercises authority, supervision or control." Three criteria of section 2.14(b) must be met: (1) the CTA employee must promptly disclose the existence of the relationship to the relative with his supervisor; (2) the employee must refrain from having any personal involvement in the review or approval of any terms or conditions of the relative's employment; and (3) CTA management must make reasonable efforts to ensure that the CTA employee does not exercise authority, supervision or control over said relative.